



Exhibit Number: 11

This exhibit is in regards to HB 337, It contains several different types of materials to numerous to scan. Therefore only 10 pages have been scanned to aid in your research.

You may view the original it is on file at the Montana Historical Society and may be observed there.

**TESTIMONY ON SB 337
BY
COMMISSIONER BRAD MOLNAR**

For the record I am Brad Molnar, Montana Public Service Commissioner serving District Two.

I will not go back over the testimony and concerns of the other unbiased professionals.

My concerns are multiple but center around the possible long term effects to the retirement funds that may buy the bonds and customers of default utilities and co-ops.

(Sec 4) Theoretically many options are available to provide ancillary services. Realistically, testimonies from many sources indicate that the necessary products are rare and often not available at any price. The bill does not specify what happens if an ancillary contract is canceled for any reason. Do we shut down the wind farm and if so how do they make their bond payments? Who serves their cliental? How are members compensated? Plainly an amendment is necessary that requires proof of financial capacity to handle this very real contingency.

Oversight by the PSC as authorized in (C) gives me more pause than a sense of security.

Further concern is generated by New Sec. 5 2 (C) and (3) where the tariff must include the advantages to default customers of increasing load from customer migration and disadvantages to default customers caused by migration of customers. Obviously it can't be both and just as obviously the question should be why the default customers should have any risk.

This section needs to be amended to access any line imbalance fines caused by a mutual coop to make sure they are financially responsible for same.

EXISTING LAW

Changing the never before used ELECTRICITY BUYING COOPERATIVE ACT (35-19-101 thru 35-19-315) to make legal the accepting of \$31.7M in bonding capacity to six persons in a post-facto method should be undertaken with a full knowledge of the act in total.

35-19-108. Though tax payers would be making the interests payments for the bonds this co-op would be exempt from income taxes.

35-19-204 The private property of the members of this co-op is exempt from execution for the debts of the buying cooperatives. Members are not responsible for any debts of the buying cooperative.

A financial plan is required under the new application. How will this set of principles make the two years worth of bond payments before there is income?

ARE WE BEING MANIPULATED?

There are further questions that truly need to be addressed. The same as we look at any federal allocation as to how it affects state law

The six principals of this co-op share only two similarities, zero germane technical experience, and unanimous significant political activism on behalf of the Democratic Party. How is it then that they received more authority than all the awarded cities and counties in Montana combined? How is it that they received greater awards than many states? How is it that these six political operatives received over 10% of the national allocation for non governmental entities for these bonds? How did they even find out about this project?

Was influence brought by Sen. Baucus, or his office, on the IRS to hold up funds for this group of partisans therefore holding up funds for projects that were actually legal to go forward?

State law allows this co-op to withhold the reason for incorporation.

Federal rules allows this co-op to withhold from the public how much it received from the allocation. Is this what Sen. Baucus intended when he promoted this legislation?

When one considers the whole illogic of this authority it would be very easy to assume that the actual impetus is the creation of a tax supported political action committee. Yes it could become legal. No, it would not be ethical. And certainly it is not a reason to amend current law.

Regardless, if this co-op were funded by private investors that accepted all risks and provided reliable, clean, energy to voluntary customers 24/7, with no capacity to become a QF, did not transfer costs and risks to non-participants, handled its own forecasting and was responsible for its out come...including sales of excess generation, I would gladly accept this as a legitimate project and recommend the law be amended to allow the wind projects to be authorized. But only under those considerations.

Questions submitted to IRS:

How many states did not receive authorities?

How many other projects are one authority for two distinctly different sites?

How many other authorizations are for newly conceived coops?

How many other projects are having authorizations?

How many other authorizations were above \$31.7M?

How many other projects have boards with zero technical background? How many of them have funds being reserved for them

What is the definition of "technically viable"?



Department of the Treasury
Internal Revenue Service

EXHIBIT 11
DATE 3/26/07
SD 337
Notice 437
OMB No. 1545-0633

Notice of Intention to Disclose

Taxpayer name	
Mailing date of this notice	November 24, 2006
Last date to request IRS review	December 14, 2006
Last date to request delay	January 23, 2007
Last date to petition Tax Court	January 23, 2007
Date open to public inspection	February 16, 2007

Section 6110 of the Internal Revenue Code provides that copies of certain rulings, technical advice memoranda, and determination letters will be open to public inspection after deletions are made. Rulings and technical advice memoranda will be open to public inspection in the Freedom of Information (FOI) Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, where they may be read and copied by anyone interested.

In accordance with section 6110, we intend to make the enclosed deleted copy of your ruling open to public inspection. We made the deletions indicated in accordance with section 6110(c), which requires us to delete:

1. The names, addresses, and other identifying details of the person the ruling pertains to, and of any other person identified in the ruling [other than a person making a "third party communication" (see back of this notice)].
2. Information specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified under such Executive Order.
3. Information specifically exempted from disclosure by any statute (other than the Internal Revenue Code) which is applicable to the Internal Revenue Service.
4. Trade secrets and commercial or financial information obtained from a person that are privileged or confidential.
5. Information which would constitute a clearly unwarranted invasion of personal privacy.
6. Information contained in or related to examination, operating, or condition reports prepared by, or for use of, an agency that regulates or supervises financial institutions.
7. Geological and geophysical information and data (including maps) concerning wells.

These are the only grounds for deleting material. We made the indicated proposed deletions after considering any suggestions for deletions you may have made prior to issuance of the ruling.

If You Agree with the proposed deletions you do not need to take any further action. We will place the deleted copy in the National Office FOI Reading Room on the "Date Open to Public Inspection" shown on this notice.

If You Disagree with the proposed deletions, please return the deleted copy and show, in brackets, any additional information you believe should be deleted. Include a statement supporting your position. Only material falling within the seven categories listed above may be deleted. Your statement should specify which of these seven categories is applicable with respect to each additional deletion you propose. Send your deleted copy and statement to:

Internal Revenue Service
Attention: CC:PA:LPD:DLS
Ben Franklin Station
Post Office Box 7604
Washington, DC 20044

For Paperwork Reduction Act information, see back of notice.

Internal Revenue Service

Received 11-29-06 V LK

Index Number: 54.00-00

Green Electricity Buying Cooperative, Inc.
Attn: Russell L. Doty
3878 N. Tanager Avenue
Billings, MT 59102-5916

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
Zoran Stojanovic, ID No. 50-16936

Telephone Number:
(202) 622-3980

Refer Reply To:
CC:TEGE:EOEG:TEB
PRES-144245-06

Date:

NOV 13 2006

Dear Mr. Doty:

This letter is in response to your application for an allocation of authority to issue \$ 65,000,000 in Clean Renewable Energy Bonds (CREBs) under section 54 of the Internal Revenue Code (the Code).

Pursuant to section 54(f)(2) of the Internal Revenue Code (the Code) and Notice 2005-98, 2005-52 I.R.B. 1211, and after review of your application submitted on April 25, 2006, including supplements thereto, we have determined that the projects described in Appendix A attached hereto are qualified for purposes of section 54 and will be owned by one or more qualified borrowers. We allocate authority to Green Electricity Buying cooperative, Inc. (the Issuer), a qualified issuer under section 54, to issue up to \$ 31,700,000 of Clean Renewable Energy Bonds (CREBs). Bonds issued pursuant to this allocation must be designated by the Issuer as bonds for purposes of section 54 for the projects described in Appendix A up to the amount allocated for each project described in Appendix A.

Bonds so designated must be issued on or before December 31, 2007. Please be aware that in order for bonds to be CREBs, the applicable requirements of the Code, including without limitation section 54, Notice 2005-98, and Notice 2006-7, 2006-10 I.R.B. 559, must be met. Please note that CREB proceeds may be used to reimburse capital expenditures paid by qualified borrowers for qualified projects only if the provisions of section 54(d)(2)(C) are met.

Section 54(f)(1) of the Code imposes a Limitation of \$800,000,000 on the amount of CREBs which may be issued to finance qualified projects (the Limitation). Section 54(f)(2) provides that the Limitation is to be allocated by the Secretary of Treasury in such manner as the Secretary deems appropriate except that no more than \$500,000,000 of the Limitation may be allocated to finance qualified projects of qualified borrowers which are governmental bodies.

Section 6 of Notice 2005-98, 2005-52 I.R.B. 1211, provides that the Limitation will be allocated among qualified projects for which a share of such Limitation has been requested beginning with the project(s) requesting the smallest share (in dollar amount) and continuing with the project(s) requesting the next-smallest share until the total Limitation has been exhausted. However, in the event that \$500,000,000 has been allocated to qualified projects of qualified borrowers that are governmental bodies, the remaining shares of the Limitation will be allocated, under the methodology described in the previous sentence, only to qualified projects of qualified borrowers that are not governmental bodies. For purposes of allocating the Limitation among projects, all qualified projects located at the same site and owned by the same qualified borrower are treated as a single project and each project is treated as requesting a single allocation.

An allocation of shares of the Limitation cannot be made with respect to the projects owned by the borrower listed in Appendix B because the application failed to demonstrate that one or more of the requirements of Notice 2005-98, Notice 2006-7, or section 54 of the Code have been met.

We appreciate your submission of the application for our consideration and encourage you to continue to pursue your plans for constructing clean renewable energy projects.

If you have any questions with respect to this allocation, please contact Mr. Timothy L. Jones or Mr. Zoran Stojanovic of the Office of Division Counsel/Associate Chief Counsel Tax-Exempt and Government Entities on (202) 622-3980 (not a toll-free call).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

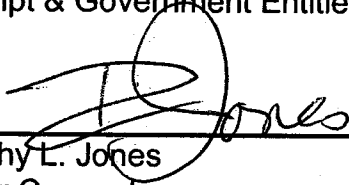
For purposes of the renewable electricity production credit under section 45 of the Code, no inference may be drawn from this allocation that any project listed in the appendices attached hereto is a qualified facility or that electricity to be produced at such project(s) is electricity from a qualified energy resource at a qualified facility within the meaning of section 45.

This determination is directed only to the applicant named above. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, filed for bonds issued pursuant to this allocation.

The allocation contained in this letter is based upon information and representations submitted by the applicant for the CREB allocation and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the application for an allocation, it is subject to verification on examination.

Sincerely,
Assistant Chief Counsel, (Exempt
Organizations/Employment Tax/Government
Entities)
(Tax Exempt & Government Entities)



By: Timothy L. Jones
Senior Counsel
Tax-Exempt Bonds Branch

bcc: Steven Chamberlin
Acting Manager, Tax Exempt Bonds
Compliance & Program Management
SE:T:GE:TEB:CPM
1122 Town & Country Commons
St. Louis, MO 63017

APPENDIX A

	Borrower Name	Project Type	Project Location	Amount Allocated
1	Green Electricity Buying Cooperative, Inc.	Wind facility	MT, 30 miles north of Flowing Well and approximately twenty miles south of Fort Peck on State Highway 24	\$15,700,000
2	Green Electricity Buying Cooperative, Inc.	Wind facility	MT, Section 31, 2N, 24E in Yellowstone County, Montana, west of Popelka Road, between Molt Road and McFarland Road.	\$16,000,000
	TOTAL			\$31,700,000.00

APPENDIX B

	Borrower Name	Project Type	Project Location	Amount Requested
1	Green Electricity Buying Cooperative, Inc.	Open or closed loop biomass facility	MT, various publicly-owned school and other facilities	\$1,600,000
2	Green Electricity Buying Cooperative, Inc.	Wind facility	MT, Wheatland County (7 miles west of Two dot on the South side of Highway 12)	\$15,800,000
3	Green Electricity Buying Cooperative, Inc.	Wind facility	MT, various undetermined locations	\$12,800,000
4	Green Electricity Buying Cooperative, Inc.	Solar energy facility	MT, various undetermined locations	\$3,100,000
	TOTAL			\$33,300,000.00

CLEAN RENEWABLE ENERGY BOND ALLOCATION APPLICATION
Reference IRS Notice 2005-98

By Hand 8AM to 4 PM:
Courier's Desk
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224
Attention CC: TEGE:EOEG:TEB

Dear Associate:

I, the undersigned, as an authorized employee (See Appendix A-6) of Green Electricity Buying Cooperative, Inc. (GEBCo, Inc.) (herein called "Issuer"), am submitting this allocation application pursuant to IRS Notice 2005-98 (herein called "Notice") **for issuing authority in the amounts not to exceed those specified below**, relating to "Project DRUM: Distribute Renewables, Unfold Montana" (hereafter called "Project") owned by Green Electricity Buying Cooperative, Inc. (hereafter called "Borrower" or "GEBCo, Inc.").

Depending on the following events, authorization requested is:

- A) \$1,600,000 if projects are being funded at that level, or in the alternative,**
- B) \$17,600,000 if projects are being funded at that level, or in the alternative,**
- C) \$33,400,000 if projects are being funded at that level, or in the alternative,**
- D) \$49,100,000 if projects are being funded at that level, or in the alternative,**
- E) \$67,000,000 if projects are being funded at that level.**

Thus depending on available funds, the project may be funded at one of the following authorization levels: \$1.6 million, \$17.6 million, \$33.4 million, \$49.1 million, or \$67 million.

1(a) With reference to Notice Section 5.a., the name of the **Qualified Issuer is Green Electricity Buying Cooperative, Inc. (GEBCo, Inc.)**, which, for purposes of Section 54(j)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), is a cooperative electric company (as defined in Code Section 54(j)(1)).

Historical Background Leading to Statutory Authority for Formation of Issuer/Borrower:
Electric Utility deregulation was devastating because it allowed Montana's major utility, Montana Power, to divest itself of property that Montanans had already largely paid for. Once utility property is paid for and depreciated, it should drop out of the rate. And, the price of power should go down. Down, that is, unless the property is sold to someone else, modifying a hundred-year old scheme to inflate utility profits. Buying power via the wholesale power market from new private utilities that bought Montana Power's dams and coal plants (PPL Montana consortium) and transmission lines (Northwestern Energy) simply means that we, as Montana electricity customers, pay for much of that aging infrastructure yet again. US business is already at a disadvantage in our attempt to compete with low cost goods from other countries. Energy prices that are driven upward, because we have to pay for generating plant more than once, only put us at more of a disadvantage.

Issuer/Borrower's goals. To stop the hemorrhaging caused by deregulation, and to address the overwhelming problem of global climate change caused by CO2 and other greenhouse gas emissions from fossil fuel burning, residential and small commercial customers of Investor Owned Utilities may form a cooperative to serve "as a supplier or promoter of alternative energy and conservation programs to stabilize prices by eliminating fuel and pollution control cost components from the energy supply equation."

Depending on funding levels, the project to be financed will encompass installation of between 0.45 and 36.35 megawatts of distributed renewable energy to serve GEBCo customers primarily in southwestern Montana. It will provide stable, 30-year energy rates of between 3.6 cents per kilowatt hour and 4.75 cents a kilowatt hour—less during the life of the equipment beyond 16 years.

There are of course other goals and outcomes from the Project, namely: (1) Reduced CO2 so GEBCo members will comply with the Kyoto Protocol, helping reverse global warming; (2) Cleaner air, less mercury in our water; (3) More jobs than would be created by an equivalent investment in coal-fired generation; (4) More water for farmers and recreation; and (5) Economic development.

Organizational Background of Issuer/Borrower: To prepare organizational papers and do other legal work on GEBCo, Inc. Tom Towe, of Towe, Ball, Enright, Mackey & Sommerfeld, a well-respected, major Billings, Montana law firm was hired. In addition, New World WindPower, LLC, a renewable energy developer licensed to do business in Montana with an office located in Billings, was tasked with the duty of facilitating GEBCo, Inc.'s organization and procurement of its renewable energy supply.

Five well-known, Montana community leaders with widely diverse skills and backgrounds were selected to be on GEBCo, Inc.'s first board. Their qualifications are listed in Appendix A-4.

Other frequently asked questions about GEBCo are answered in Appendix A-5, a handout that is being distributed to potential cooperative members.

1(b) Attached in Appendix A are the Issuer's articles of incorporation (A-1), bylaws (A-2), and statutory authority (A-3). These documents demonstrate that the Issuer constitutes a "qualified issuer" within the meaning of Code Section 54(j)(4).

2(a) With reference to Notice Section 5.c., the name of the **Qualified Borrower is Green Electricity Buying Cooperative, Inc. (GEBCo, Inc.)**, which, for purposes of Code Section 54(j)(5), is a mutual or cooperative electric company described in Code Section 501(c)(12) or 1381(a)(2)(C)).

2(b) Attached as Appendix A are the Borrower's articles of incorporation (A-1), bylaws (A-2), and statutory authority (A-3). These documents demonstrate that the entity constitutes a "qualified borrower" within the meaning of Code Section 54(j)(5).

While Borrower is a qualified borrower for purposes of the federal law, under Montana law, it cannot own transmission or generating equipment. At present it is a cooperative that can only buy green electricity from another source. Therefore, Borrower is endeavoring to have

Montana law (RCM § 35-19-202) changed to allow it to issue CREBs once that authorization has been granted. The next legislature meets in January 2007 and the next interim legislative committee that deals with this issue meets in September. Borrower intends to treat this as it would the requirement to obtain all permits, etc. so it can issue CREBs by December 2007, and to seek needed legislative authority (as it would permitting authority) in a timely fashion.

2(c) With reference to Notice Section 5.e(i), no bond will be a pooled bond (within the meaning of Code Section 149(f)(4)(A)). So there is no need to provide as an attachment hereto, information demonstrating that the Issuer will enter into a written loan commitment with each Borrower prior to the issue date of the bond.

PROJECT DESCRIPTION

As indicated above, this request for authorization is broken into four parts.

A) If GEBCo, Inc. receives a CREBs authorization at the \$1.6 million level, it will install six (6) Community Power Corporation, biomass installations totaling 450 kW. Because energy from these units is dispatchable, this power can be sold as backup power for other renewable projects. The price paid for that power varies and is sometimes sold for 22 cents a kilowatt hour as peaking power, so its cost will be covered, even if it is sold at 4.6 cents a kilowatt hour.

Use of biomass will provide a market for forest thinnings and other Montana biomass that now is often burned with the heat wasted and air polluted. We intend to find suitable places for the heat that results from the biomass production of electricity to be used in a hospital or school complex to replace natural gas or other fossil fuel now being used for heat. That additional revenue will bring the need to sell electricity from the project at 4.6 cents down, by how much will depend on the market. Information on the Community Power Corporation system is found in Appendix K.

B) If GEBCo, Inc. receives a CREBs authorization at the \$17.6 million level, it will install five (5), 2.1 megawatt (MW) Suzlon wind turbines, enough to supply at least 3150 families with clean, affordable, reliable, renewable energy at a kilowatt hour cost of 3.6 cents a kilowatt hour for 15 years.

As you know wind turbines are in demand and the largest US manufacturer (GE) does not have machines available until 2008. For all practical purposes it is the only supplier in Montana because other large turbine suppliers who have turbines available in 2007 will not come here unless there is a critical mass of 30 MW of turbines for them to service. So this application depends on our ability to reach that mass through cooperation of local developers or through increasing the available funding to reach that goal.

Therefore, we are proposing to get as much authorization as possible in incremental stepped requests in order to maximize our position in the funding queue. This strategy will get us as close as possible to creating that mass by seeking to fund machines from a manufacturer who makes blades for the machine in Pipestone, MN. Once we reach critical mass, it will give all smaller projects in Montana the minimal infrastructure needed to be able to have more than one monopoly supplier of large wind turbines.

Information on the Suzlon machine is found in Appendix C.

C & D) If CREBs funding is still available at the \$33.4 million and \$49.1 million levels, we request CREBs authorization authority at those levels. That full funding will allow us to meet the critical mass level without having to depend on other developers to purchase the Suzlon machine. Full funding will support 15, 2.1 MW Suzlon wind turbines. That 31.5 MW will supply

at least 9,450 families with clean, affordable, reliable, renewable energy at a kilowatt hour cost of 3.6 cents a kilowatt hour for 15 years.

At these four funding levels, the project will pay for itself in 16 years and return enough money to pay for 2/3 of itself yet again by year 25 with rates remaining at 3.6 cents per kilowatt hour at the busbar, assuming the machines last their 25 year design live. That extra money would be rebated to coop customers from years 25 through decommissioning of the machines.

E) In addition, if there is enough money in the funds Congress authorized so that projects are being funded at the \$67,000,000 level, Borrower requests CREBs authorization at that level to fund another portion of the project. This portion of the project would use CREBs financing and the favorable energy production revenues from the bigger machines to fund 4.4 MW of the more expensive renewable energy generating equipment. That would include 40 Northwind 100 (kW) machines (4 MW); and 200, 2 kW solar PV systems (400 kW).

These can be distributed throughout the service area to diversify the energy portfolio and to begin to give more folks a piece of the clean energy boom. The biomass power is dispatchable and can be used to firm the other energy resources. And if the sun is shining when the wind is not blowing, that will help to smooth the power supply curve on the system.

By purchasing 40 Northwind 100 Turbines, we will be bringing the price of that machine down permanently by 35%. It has the longest design life (30 years) of any turbine on the market and has been extensively tested for extreme weather up to 190 mile per hour winds by the National Renewable Energy Laboratory in Golden, Colorado (NREL). It also has UL rating. It is made in the US and will help enable us to compete in the market for that size of a machine. Information on the Northwind 100 is found in Appendix D.

Solar installation in other states, like Arizona, cost less because installers there have more experience than in Montana. This large purchase will help jump start the Montana solar installation industry by initiating a mass purchase and by familiarizing the labor force here with installation. Solar cost and payback numbers are based on experience of one GEBCo Board member who has run Dopler Solar Construction since 1981. He recently completed a near zero energy home with passive and active solar features including solar hot water and PV components.

We have plugged the numbers into a well designed spread sheet used by Community Wind Developers in Minnesota. We adapted the spread sheet for CREBs. Adding the smaller more expensive units will cause the overall cost to rise to around 4.75 cents/kwh at the busbar if we combine the power with that to be produced by the larger windmills.

With distributed wind, we will save some transmission costs associated with moving power from central distribution points.

While one realizes that "dirty" power can now be obtained for less than this amount, when that power is made to reduce mercury (at a cost of 0.5 cents a kilowatt hour) and sequester CO2 (at a cost ranging from 1 to 5 cents a kilowatt hour), the added costs of spreading the wealth in the community are minor. In addition, it will take coal plants 35 years to be completely paid for on present amortization schedules. And this renewable infrastructure will be paid for in 16 years, leaving a goodly amount left over in avoided costs to the consumer over the remaining lives of the renewable equipment, most of which is designed for a 25-30 year life span.

1. The type of project (as referenced in Code Section 54(d)(2)(A)) to be financed includes:

(a) Various wind facilities under Code Section 45(d)(1);

- (b) Various solar energy facilities under Code Section 45(d)(4); and
- (c) Various open-loop biomass energy facilities under Code Section 45(d)(3).

In deciding how to size the various components of the project the memo in Appendix J was consulted.

2. The expected date the Project will be placed in service after BOP performance testing is 10/31/07.

3. With reference to Notice Section 5.e(ii), attached as **Appendix B is a certification by an independent, licensed engineer** that the Project will meet the requirements to be a "qualified facility" (as determined under Code Section 45(d) without regard to Code Section 45(d)(10) and to any placed in service date) and that the Project is technically viable.

4. Location of the Project. The Project consists of a mix of distributed renewable wind and solar energy located primarily on public land or structures, but also on selected widely distributed private land or structures.

GEBCo Inc.'s location policy is to first put publicly-owned windmills and solar collectors up on public or tribal land or structures. That way everybody benefits from the reduction in fuel and pollution control costs because other than to produce windmills or collectors, there are no fuel or pollution control costs necessary to make electricity from the sun or wind. The cost reduction will help keep taxes down for everyone--all citizens in a city or county or for tribal members on a reservation. Those lease payments for the windmills will go to the public.

In addition, GEBCo Inc. will endeavor to place smaller renewable energy generators (i.e., wind turbines no larger than 100 kW or solar collectors on cooperative members private property to give an additional financial boost to help save the family farm).

The **physical location** of most of the projects large wind turbines will be in the high prairie northwest of Billings, Montana, or on a possible backup site east of Roberts, Montana. Some turbine may go on a site closer to Fergus Electric Cooperative north of the Judith Gap wind farm, where access to transmission lines is good and the wind has been measured to be between high Class 5 and Class 6 that is suitable for the turbines specified in this project.

A map of the primary project area is being included as Appendix F. One can see some of the public land in the area colored in light green. In addition, aerial and site photos of the area, transmission line and substation maps, and foundation drawings and hookup configurations are being provided in Appendix F.

5. GEBCo's plan to obtain all necessary federal, state and local **regulatory approvals** for the Project is **Attachment H** hereto. Attachment I also contains Project Management timeline milestones.

6. Plan of Financing: Much of the revenue feasibility of the various project steps has already been discussed in the Project description above and will not be repeated here.

(a) Attachment G contains the project cost and revenue spreadsheets.

Montana has a Renewable Portfolio Standard (RPS) that requires investor owned utilities to do 10 % renewables by 2010 & 15 % renewables by 2015. Included in that RPS is a

requirement that 50 MW be from community developed renewable power by 2010 and 75 MW of community developed renewable power by 2012. This gives some incentive to see this project succeed.

In addition to CREBs funding, we will also be applying for marketing capital from foundations. We anticipate present and future coop members will help fund this effort by purchasing "Green Tags."

In particular, we anticipate building a sinking fund to pay any bond premiums not covered by revenues from renewable energy at the time required for payment if biomass, wind or solar production does not meet expectations during any particular period. Some up front capital is built into the cash flow projections. In addition, the sinking fund will be partially funded through the sale of "Green Tags" to GEBCo, Inc. members and others.

(b) **The anticipated date of bond issuance is 3/26/07.** Also, we have scoped out the timetable for the various events in the project using Microsoft Project software. We will be refining that schedule as time goes on. The preliminary summary sheet of the top level items in the Project Management Timetable is Attachment I.

(c) The source of security and repayment for the bond is revenue from the project. Asset-based financing is now accepted for renewable energy projects. Revenue projections are based on 3.6 cents a kilowatt hour for Appendix G, Page 6; 4.75 cents a kilowatt hour for Appendix G, page 1.

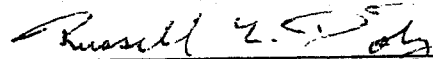
- (d) The aggregate face amount of bonds expected to be issued for the Project is:
- A) \$1,600,000 if projects are being funded at that level, or in the alternative,
 - B) \$17,600,000 if projects are being funded at that level, or in the alternative,
 - C) \$33,400,000 if projects are being funded at that level, or in the alternative,
 - D) \$49,100,000 if projects are being funded at that level, or in the alternative,
 - E) \$67,000,000 if projects are being funded at that level.

Thus depending on available funds, the project may be funded at one of the following authorization levels: \$1.6 million, \$17.6 million, \$33.4 million, \$49.1 million, or \$67 million.

(e) For a reasonably expected Schedule for Spending Proceeds of CREBs, see Appendix C, page 7 attached hereto, which contains an anticipated drawdown schedule for the bulk of the funds to be disbursed in the terms of payment section.

- (f) Amount of Allocation Requested:
- A) \$1,600,000 if projects are being funded at that level, or in the alternative,
 - B) \$17,600,000 if projects are being funded at that level, or in the alternative,
 - C) \$33,400,000 if projects are being funded at that level, or in the alternative,
 - D) \$49,100,000 if projects are being funded at that level, or in the alternative,
 - E) \$67,000,000 if projects are being funded at that level.

Under penalties of perjury, I declare that I have examined this document and, to the best of my knowledge and belief, all of the facts contained herein are true, correct, and complete.



Russell L. Doty
Authorized Employee of Issuer
(See Appendix A-6)

Appendices:

- A - Issuer's Evidence of Organizational Status
- B - Engineer's Certification
- C - Suzlon Wind Turbine Material (Note that the bid for 10 machines has been increased to 15 by our extrapolation to reach a "critical mass" for installation in Montana.)
Page 7 contains Anticipated CREB Funds Drawdown Schedule
- D - Northwind 100 Wind Turbine Material
- E - Reimbursement Resolution
- F - Project Location Maps & Pictures, Site Electrical Drawings
- G - Project Cost & Revenue Figures
- H - Plan For Regulatory Approval
- I - Project Management Sheet
- J - Project Sizing Information
- K - Community Power Company Material

APPENDIX A

Green Electricity Buying Cooperative, Inc. (GEBCo, Inc.) is a green energy buying cooperative that was recently formed pursuant to Montana Code Annotated 2005, Section 69-8-1001, et seq.

The relevant corporate papers, law reflecting the status of GEBCo, and other information about Issuer/Borrower are as follows:

- Appendix A-1 GEBCo, Inc. Articles of Incorporation
- Appendix A-2 GEBCo, Inc. By-laws
- Appendix A-3 Montana Code Annotated 2005,
 Section 69-8-1001, et seq.
- Appendix A-4 Biographies of GEBCo Board of Directors
- Appendix A-5 Frequently Ask Questions About GEBCo, Inc.
- Appendix A-6 Board Authorization to Apply for CREB Authorization.

Appendix A-1

GEBCo, Inc. Articles of Incorporation

PRIORITY

ARTICLES OF INCORPORATION OF
GREEN ELECTRICITY BUYING COOPERATIVE, INC.
PURSUANT TO THE MONTANA ELECTRICITY BUYING
COOPERATIVE ACT
MONTANA CODE ANNOTATED, § 35-19-101 et seq.

ARTICLE ONE
NAME

The name of the corporation is Green Electricity Buying Cooperative, Inc. aka
GEBCo, Inc.

ARTICLE TWO
PRINCIPAL OFFICE

The address of the principal office of the corporation is:

Green Electricity Buying Cooperative, Inc.
PO Box 1734
Billings, MT 59103-1734

ARTICLE THREE
INCORPORATORS

The names and addresses of the incorporators, each of whom is over 21 years of
age, are:

- 1) Steve K. Corrick
PO Box 9079.
Missoula, MT 59807
- 2) Pat Dopler
Box 1634
Red Lodge, MT 59068
- 3) Patricia G. Klingman
1020 - 14th St. West
Billings, MT 59102

DAVID JOHNSON
SECRETARY OF STATE

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4) Rev. Dr. Vern L. Klingman
1020 - 14th St. West
Billings, MT 59102

5) Tracy Velázquez
Commonweal Consulting, LLC
P.O. Box 6272
Bozeman, MT 59771

ARTICLE FOUR BOARD OF TRUSTEES

The number of members that constitute the Board of Trustees is set by the By-Laws and by Montana law shall not be less than five (5). The initial Board consists of five (5) members. The names and addresses of the persons who shall constitute the first board of trustees of the corporation are:

1) Steve K. Corrick
PO Box 9079.
Missoula, MT 59807

2) Pat Dopler
Box 1634
Red Lodge, MT 59068

3) Patricia G. Klingman
1020 - 14th St. West
Billings, MT 59102

4) Rev. Dr. Vern L. Klingman
1020 - 14th St. West
Billings, MT 59102

5) Tracy Velázquez
Commonweal Consulting, LLC
P.O. Box 6272
Bozeman, MT 59771

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ARTICLE FIVE
DURATION AND BUSINESS ACTIVITIES

The period of duration of the corporation is perpetual. During its duration, the corporation may conduct business to the full extent authorized by law.

ARTICLE SIX
LIMITATION ON LIABILITY

The members, trustees and officers of the corporation are exempt from liability for any debts of the corporation to the full extent authorized by law.

ARTICLE SEVEN
REGISTERED AGENT AND OFFICE

The corporation's initial registered agent and his office address is:

Russell L. Doty
3878 N. Tanager Lane
Billings, MT 59102-5916

IN WITNESS WHEREOF I have set my hand:

Steve K. Corrick

Pat Dopler

Patricia G. Klingman

Rev. Dr. Vern L. Klingman

Tracy Velázquez

Date: _____

Date: 4/20/06

Date: 4/20/06

Date: 4-20-06

Date: 4/19/06

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ARTICLE FIVE
DURATION AND BUSINESS ACTIVITIES

The period of duration of the corporation is perpetual. During its duration, the corporation may conduct business to the full extent authorized by law.

ARTICLE SIX
LIMITATION ON LIABILITY

The members, trustees and officers of the corporation are exempt from liability for any debts of the corporation to the full extent authorized by law.

ARTICLE SEVEN
REGISTERED AGENT AND OFFICE

The corporation's initial registered agent and his office address is:

Russell L. Doty
3878 N. Tanager Lane
Billings, MT 59102-5916

IN WITNESS WHEREOF I have set my hand:

Stephen K. Corrick
Stephen K. Corrick

Date: 4/19/2006

Pat Dopler
Pat Dopler

Date: 4/20/06

Patricia G. Klingman
Patricia G. Klingman

Date: 4/20/06

Vern L. Klingman
Rev. Dr. Vern L. Klingman

Date: 4-20-06

Tracy Velázquez

Date: _____

Russell S. Doty
Registered Agent Russell L. Doty

4/21/06

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HELENA, MONTANA

SECRETARY OF STATE